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**FOR IMMEDIATE RELEASE
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**AGENCY STATEMENT BY THE SOUTHERN CALIFORNIA
ASSOCIATION OF GOVERNMENTS**

Re: Los Angeles Times Article/CalTrans Audit

For more than 36 years, the Southern California Association of Governments (SCAG) has taken its roles and responsibilities as Southern California's Metropolitan Planning Organization very seriously. As such, we have always placed a top priority on ensuring that the federal and state grant funds we receive are used for intended planning efforts. SCAG remains committed to its mission of providing vision, leadership and responsible stewardship of issues of importance to Southern California both now and in the future.

SCAG has been working closely with CalTrans throughout the implementation of an audit to address several issues regarding our accounting and contracting operations.

In 1999, SCAG retained the well-respected consulting firm KPMG to conduct an internal management review, and we then established a comprehensive Best Practices process to implement a series of internal improvements. We also immediately notified CalTrans of these activities, and we have been very upfront with them about our ongoing efforts to improve the effectiveness of our internal operations.

SCAG has been very public about the implementation of the Best Practices improvements. Beginning in early 2000, SCAG completed the Best Practices internal assessment and began implementing a series of new procedures and improvements throughout this time period. The SCAG Regional Council has been kept fully informed of the agency's progress throughout the process.

The Best Practices process, headed initially by former Los Angeles City Administrative Officer Keith Comrie, involved six separate task forces, 267 participants and thousands of hours dedicated to maximizing the efficiency of SCAG's internal operations, including its contracting and accounting procedures. Virtually all of these improvements to our operations -- including the retention of a new chief financial officer and the institution of a fully integrated, state-of-the-art accounting and program management system -- had been fully implemented by the latter part of 2001.

The CalTrans audit was initiated in 2000 and examined SCAG's operations during the period of January 1, 1998 to June 30, 2000. While the audit mentions SCAG's implementation of the Best Practices improvements in passing, CalTrans must complete another audit to fully recognize the significant advances in SCAG's operations over the last two years. SCAG is currently appealing several of the audit's findings, and we stand by the arguments made in our appeal.

Virtually every finding raised in the CalTrans audit had already been identified either by KPMG or through our Best Practices process and then remedied and reflected in our current operations. SCAG believes that the next CalTrans audit will properly recognize the tremendous progress that has been made over the last two years.